

NSC BRIEFING

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2 DECEMBER 1955

YUGOSLAVIA

I. The Yugoslavian Government continues to ~~maintain a scrupulous~~ demonstrate a position of balance between East and West, while simultaneously striving for a position of leadership among the "unattached" countries of the world and posing as a willing, if not eager, arbiter of miscellaneous international disputes.

A. The Government's official propaganda line on the recent Geneva foreign ministers' meeting expressed tepid optimism for a continuation of the spirit of international detente and refrained from blaming either side for the equivocal outcome of the meeting.

B. Yugoslavia's economic agreements with the Bloc have been balanced by promises (in Sep) of improved co-operation with the US regarding our military aid program, in return for more US economic help.

1. The Yugoslavs have also maintained interest in bilateral trade agreements with Western countries and have shown a desire for closer attachment to both the Organization for European Economic Co-operation and the European Payments Union.

C. ~~Except for the period of irritation at Western press "misinterpretations" of Tito's 6 Nov agreement with Secretary Dulles (on Satellite affairs),~~ the US and the West in general have fared well in Yugoslav propaganda during recent months.

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- II. As a further step in the campaign for leadership among the "unattached," President Tito left Yugoslavia by ship on 2 Dec for a major round of fence-building, accompanied by a delegation which includes Foreign Minister Popovic and Security Minister Stefanovic.
- A. Tito is proceeding first to Eritrea and Ethiopia and is then scheduled to arrive in Egypt about 20 Dec.
- B. The trip has been almost as widely heralded in the Yugoslav press (as an "important contribution to international peace and understanding") as his last year's visit to India and Burma.
- C. The Egypt visit may permit Tito a try at the role of "peacemaker," although the Yugoslavs have made few public statements about the Arab-Israeli dispute.
1. Tito has said he will indicate to Nasser that the Arab states had to recognize Israel as a "fact of Life."
 2. A single Yugoslav press reference (to speculation in the Western press that Tito might mediate the Arab-Israeli dispute) neither praised nor rejected the suggestion, saying only that Yugoslavia was always ready to try to help solve such disputes as this and the Greek-Turkish difficulties over Cyprus.

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3. Although the Yugoslavs have continued arms shipments to Egypt, the semi-official newspaper Politika has on two occasions criticized Soviet bloc activities as "dangerous signs of a transformation of this area into a locale of the cold war."
4. Yugoslavs seem to fear manipulation by the two major power blocs more than the actual prospect of armed conflict in the Near East.

III. In its relations with the USSR, November was marked by a brief period of Yugoslav propaganda criticism of the Soviet harsher than anything seen in the past six months.

- A. The Yugoslavs attacked Soviet reviews of Yugoslav economy for giving too little credit to Belgrade's "unique" socialist experiments, and called the Soviet attitude a violation of the Soviet-Yugoslav declaration of 2 June '55.
- B. US Embassy Belgrade regards this short flurry of criticism as evidence of general touchiness in the Yugoslav regime over what is regarded as Soviet efforts to soft-pedal the sanction of "independent roads to socialism" explicit in that June declaration.

IV. Internally, while there are a few hints of cracks in the facade of unity which the Tito regime likes to present to the world, nothing suggests difficulties as serious as those faced when the dissident twins, Djilas and Dedijer, were ousted from the Party a year ago.

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- A. Economic difficulties, although extreme, are little worse than at any other time in recent years, and there has been no confirmation of rumors that the downfall of top economic planner, Vice President Vukmanovic-Tempo, is imminent.
- B. In a late Nov speech, Tito--although sharply critical of past mistakes and even of some details in the 1956 social plan--was not much harsher than is customary in his frank appraisals of economic matters.
- C. The sanction of increased central control over the economy, and of efforts to improve the standard of living by lowering investment in basic industry in favor of consumer goods production and agriculture, are not new developments, but are extensions of year-old trends in Yugoslav internal development.

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